

**CITY OF TAKOMA PARK, MARYLAND
(ADOPTED 1/10/05)**

**PRESENTATION, PUBLIC HEARING, WORKSESSION,
BUDGET WORKSESSION & CLOSED SESSION
OF THE CITY COUNCIL**

Tuesday, June 1, 2004

OFFICIALS PRESENT:

Mayor Porter	City Manager Finn
Councilmember Barry	City Clerk Waters
Councilmember Elrich	Public Works Deputy Director Braithwaite
Councilmember Mizeur	
Councilmember Seamens	
Councilmember Williams	

The Council convened at 7:40 p.m. in the Council Chambers of the Municipal Building, 7500 Maple Avenue, Takoma Park, Maryland.

ANNOUNCEMENT

Ms. Porter announced that the City has concluded negotiations and agreed to hire a new City Manager, Barbara Matthews. Ms. Matthews has impressed Council with her sincere dedication to citizen service. She will begin on July 12; Rick Finn will stay until July 11. Ms. Porter thanked the members of the Citizens Selection Committee who did a lot of very thorough work. She noted Dan Robinson and Robert Lanza in the audience. Council will be holding an event to formally thank the committee for their work.

Mr. Seamens added thanks to the committee for their work. All are excited for new manager to be coming in. But he is also looking forward to the committee having a final meeting to debrief and prepare a report of the process.

Robert Lanza, Committee Member announced there will be a report filed by the committee regarding the process. The Reporting Committee will be preparing the report; chaired by Andy Kelemen. The will have some documentation for the future.

Mr. Seamens said that last week we talked about discussing the Community Center budget again this week. He did not see it on the agenda.

Ms. Porter said that she had thought it would be on the agenda and wanted to have someone come and comment on the fundraising efforts. Due to some communication problems, she did not schedule for someone to be here tonight. She will schedule the briefing in the near future.

Mr. Seamens said he also wanted to get information back from Mr. Finn about community center budget numbers.

Mr. Finn said he is still working on the numbers. He did not have the Finance Director here last week. He will have the numbers by Friday.

Mr. Seamens commented that the numbers did not coincide with those presented by Mr. Williams.

Ms. Porter said that the numbers are a moving target. She believes that what Mr. Finn agreed to do was to reformat the numbers so that they are more understandable.

Mr. Seamens said he does not agree with proceeding without this information. We are scheduled to reconcile the budget tonight.

Ms. Porter noted that the first reading of the budget will be next week, followed by second reading a couple of weeks later.

PUBLIC COMMENTS

Robert Lanza said he has questions concerning the relationship between Mr. Finn and the new City Manager. He noted his understanding that Mr. Finn will be reporting to the new City Manager and will be Project Manager for the community center.

Ms. Porter said he will be reporting to Barbara Matthews and his duties are still being determined.

Mr. Lanza asked if Mr. Finn's duties are being discussed as an internal Council process?

Ms. Porter replied, yes. Once his duties are determined, we will announce them publicly.

Mr. Lanza said he wants to take immediate advantage of Ms. Matthews' budget and management skills.

PRESENTATION

1. Update on the Community Center Project.

Mr. Williams noted the question from last week about the project meeting schedule. There appeared to be gaps in the schedule. He discovered that they were misnumbered; there were no gaps. He does not have any further information about the change orders. He should have more information in the next week or two. Construction continues. The second floor walls are going up rather quickly. Metal door jams are stacked out next to the trailer. Good progress is being made. Many questions have been resolved which has allowed work to proceed. There has been

recent discussion about what, if anything, to do about the phone lines to the building. Staff investigated the cost to move the Verizon wires rather than leave them there. The price from Verizon (not including the price from the electrical engineer to tie it in on the other side of the building) was \$42,000. The total cost could be about \$50,000. Staff is recommending that they not be moved. If they are moved over to the Grant Avenue side of the building, it would be temporary if the gym is built in the future.

Ms. Mizeur asked who bears the cost if the wires are damaged?

Mr. Williams said he would imagine that it would be the responsibility of the contractor. The contractor is aware that they will probably have to work around the wires.

Mr. Seamens asked for clarification about the permanency of the wires on the Grant Avenue side.

Mr. Williams said, unless someone has a real problem leaving the wires as currently situated, then the wires will remain as they are located. The danger is that we could lose the phone lines to the building.

Mr. Williams displayed a sample of the roof color (Dulles Grey). It will be available for people to examine. The other set of samples we have are the precast concrete. These will be the pieces around the windows. With respect to the question about whether we could add-back the outside corners, if we did, this would be the material for the corners.

Ms. Porter suggested that the samples be placed in a public location for viewing.

Mr. Williams said that he held up the samples he has tonight against the brick grotto on the Library lot, and the first impression was that the darkest of the concrete samples was not the best match. We need to get a decision back by next Tuesday about the concrete sample selection. He invited input.

Ms. Mizeur asked, are the Citizens Committee, Facade Advisory Board and Historic Takoma notified about this decision and invited to participate in the selection?

Mr. Williams said they will be notified. We will send e-mails to those groups and request quick input.

PUBLIC HEARING

2. Proposed FY05 Budget.

The Public Hearing was called to order at 7:56 p.m.

Robert Lanza, 7215 Cedar Avenue, spoke regarding Mr. Williams' presentation, and noted the

phone line that was uncovered and may or may not need to be moved. A few weeks earlier there was the matter of whether the Tool Library would have to be moved. He expressed concern about project management. It seems that the contractors are managing the possible movement of things on a weekly basis.

Mr. Williams commented, there was information about things that would need to be relocated, and there was a lack of information about other things that are being discovered.

Mr. Lanza said, if the phone line has to be moved, it would be the City's responsibility to pay the cost. With respect to the budget, he referred to last week's discussion about a loan to be paid back from the Stormwater Management fund. The purpose of the fund is to fund stormwater projects throughout the City. Catherine Tunis was here last week and presented a number of stormwater projects that would be good to conduct. However, if the fund is depleted, those projects could not be completed. The Council should look at projects throughout the city and think about how they will be funded, if not out of the stormwater fund. He commented on the borrowing for the street maintenance. How confident are we that the cost structure of the contract will remain in place? It will have an impact on the cost benefit analysis.

Mr. Seamens asked the Mayor whether there will be further discussion of the stormwater fund borrowing.

Ms. Porter said the proposal is to borrow and pay debt from the stormwater fund; it would not drain the fund. Ms. Tunis did raise a number of projects, but many were public education items that we would not pay for out of the stormwater fund. Council could further discuss the uses of the stormwater fund. We will take this up when get to the reconciliation.

The Public Hearing closed at 8:03 p.m.

WORKSESSION

3. Funding for Street Renovation.

Mr. Finn said we are at a point where the Council will have to make a decision. It has an impact on the budget. Everything that we have done has been based on information that the interest rate will be going up. He noted the assumptions. If the Council is going to pursue this, it is important that we contact a loan institution and tie-in the rates. A year ago, we looked at a long-term funding arrangement (20-25 year bond). This is a relatively short-term loan. We tried to be realistic and used different construction increase percentages for the scenarios (3%, 5% and 7%). Assumptions are based on loan interest rate of 2.6%. We would look for very specific direction from the Council, if not tonight, very soon. Ms. Braithwaite has put together the numbers and has done a very nice job.

Ms. Porter said there was an issue raised about how comfortable we are with assumptions about increases in construction costs.

Ms. Braithwaite said, we have built in a margin increase each year to make sure that we capture the cost of the program. She noted a question from Mr. Williams this morning about the streets included in the different scenarios. The first scenario, the largest amount, would capture all of the streets rated fair/low. Scenario 2 was based on doing the streets that needed total reconstruction or mill/overlay (higher ticket items). Scenario 3 uses assumption that there is no loan and that we continue with \$500,000 each year from the CIP.

Mr. Williams said, the streets that are in the group of loan money (Scenario 2) are not necessarily the lowest PCI numbers.

Ms. Braithwaite said, there are some noted for major construction that are on the “fair” list.

Ms. Porter asked, what is the difference in the streets between the \$2.9M and the \$2.0M scenarios?

Ms. Braithwaite clarified, the higher amount would include all streets that required work as identified in the street study. This assumes the \$700,000 this year, and the \$500,000 in FY05, prior to the loan. The \$2.9M gets all of the streets in the study listed as fair and low. The \$2.0M captures all of the major construction and mill/overlay streets. These streets were identified through a coring process.

Ms. Porter asked, would this include streets that were repaired in recent years?

Ms. Braithwaite replied, there is a list in the study that identifies streets that will need total reconstruction. There are streets identified as good/excellent that could be extracted needing the major repairs. The engineer factored the cost of 2 miles of streets in the varying conditions. After this work is completed, we should not have to ever do total reconstruction. We will have documentation for the future about the construction of the street. Over decades, there will be streets that will need some base repairs. Base erosions occurs over time. Assumptions for each scenario are included.

Ms. Mizeur said, whether 3% or 5%, in the end there is not a large difference in the total spent in the end. If we do a loan, we do not get into major construction until FY13. Under the no loan scenario, we start earlier on the major construction. Under the loan scenario, is this taking into consideration the road degradation over 7 years before work begins?

Ms. Porter said, you have it backwards

Mr. Finn said, the list of the streets under the \$2.9M loan scenario is not included in the information.

Ms. Braithwaite said, those roads are assumed to be done under the loan scenario.

Mr. Finn said, with no loan, it costs over the time period an additional \$1M. If you look at the 5% scenario, there is almost a \$2M savings. The strongest scenario in both is the second.

Mr. Elrich questioned one of the scenarios.

Ms. Braithwaite clarified, the analysis is based on doing 2 miles of road service each year.

Mr. Elrich asked for clarification on FY22, Scenario 2.

Ms. Braithwaite said, the streets would be done.

Mr. Finn said, the second scenario is better because you finish the work sooner.

Ms. Braithwaite said, according to the engineer, it costs about \$140,000 per street mile right now. We have about 33 street miles in the City.

Mr. Williams asked for clarification about the street list.

Ms. Braithwaite said, when the engineer created the \$4M cost to fix streets, it did not include the fair streets that did not have a dollar figure attached to them.

Mr. Seamens thanked Ms. Braithwaite and Mr. Finn for their work. It is interesting that the middle scenario seems to be the best. How did you determine the price for repairing the roads?

Ms. Braithwaite clarified, the process was based on the engineer's calculations and the results of the study.

Mr. Seamens asked, did the price for the road work change over the years?

Ms. Braithwaite said, the engineer broke out some assumptions about the type of work that would have to be done for different roads.

Mr. Seamens said, deterioration over time is built into the assumptions. In all three scenarios, we would be repairing all roads 20 years from now?

Ms. Braithwaite said, yes. We would have touched every street in the City, including all of the current excellent streets. This is all predicated on an annual inspection of the streets to determine that the assessment today (and in future years) is still accurate in determining the streets for any given year. She noted some of the things that impact streets.

Mr. Seamens said, the concern was that we establish a reasonable cycle.

Ms. Braithwaite went on to say, the third scenario shows you what you need to cover a 20-year cycle for our streets. Once the loan is paid off, the assumption shifted in the exercise and we

started reflecting 2 street miles each year.

Mr. Finn said, the existing contractor is willing to extend the contract at current cost for another year. Our costs are extremely good as compared to other municipalities. If we proceed, I would recommend that we continue to use this contractor.

Ms. Braithwaite re-emphasized, the contractor would extend their rates through the contract amount. So, if we borrow money, we would hold the rates until loan is spent. These rates are very competitive. If it is found that they are not competitive, we would have the opportunity to piggyback on another jurisdiction's rates.

Ms. Mizeur asked, are we looking at anything other than simply the rates?

Ms. Braithwaite said, we are looking at (on each three year contract cycle) specific concerns each time we go out to bid. We continue to add specifics. We are fairly specific in terms of tree protection plans. We are able to get very specific, usually service-oriented, with our contractor. I do not know what happened with some recent work; we have not had problems in the past.

Ms. Mizeur asserted, before the Council makes a decision to extend a contract, I would want information from the staff about the performance measures for the contractor.

Mr. Finn clarified we are only looking for direction on the borrowing this evening.

Mr. Seamens asked about quality insurance.

Ms. Braithwaite said she requested that EBA provide an on-site inspector to ensure a variety of material, technique and field observations. The inspector also measures the work. He keeps track of punch list items that need to be redone or have not been done to our satisfaction. He also does cost analysis to ensure that we are being appropriately billed for the work. It has proven itself to be a good component to the contract.

Mr. Williams said, as we talk about this and the effect of inflation and the amount projected out, it is interesting that the \$500,000 City contribution seems to get us through the 20-year cycle with 3%. Do we have a sense of the amount our costs have been going up over a period of time?

Ms. Braithwaite said she did not know. She could probably go back and compare the last two contracts.

Mr. Williams said, in general, inflation for this area has been around 3% for the past 5-7 years.

Mr. Elrich said the best way to look at the out years is in terms of constant dollars. Everything will be inflated over time. He said he was having a problem with the second scenario.

Ms. Porter noted you do different roads under scenarios one and two.

Mr. Elrich continued with the explanation of his confusion.

Ms. Braithwaite clarified, you get the work done faster in scenario two versus scenario one. I can take it back to the engineer and ask him, but we took the entire list of roads and applied assumptions.

Ms. Porter said she thinks that Mr. Elrich's difference is between the interest rate and inflation.

Mr. Elrich said, if we do not do \$900,000 of the work in the beginning, we would do it over the next six years.

Ms. Porter concluded, we will have paid more interest in scenario one.

Mr. Elrich said, there is also a difference in the amount of capital work being done.

Ms. Braithwaite said, the \$186,000 extra in the early years allows you to catch up quicker.

Mr. Elrich said, if you are talking about by FY12, we would be doing the same work from there forward, I do not see the difference in the scenarios.

Mr. Seamens said, the scenarios show that it can be on a 20-year cycle. If we were to borrow money, we would have a set of roads that could be done quicker. By FY12, we would not be any better off than if we just continued to put a constant amount toward the roads.

Ms. Braithwaite said, with the \$2.0M we would do all of the high ticket cost streets up front. She said that Hilton Avenue is projected at over \$110,000 for major reconstruction. They are being done with earlier dollars and will not be experiencing the inflated construction costs due to waiting.

Mr. Elrich said that this matches pretty much with his assumptions.

Ms. Braithwaite said, in the \$2.9M scenario, the major repair streets are spread out because some are in the fair category.

Ms. Porter said, we would get the streets done faster and would continue through the entire 20 year cycle.

Mr. Seamens said he wants to see a 20-year cycle and that it will not cost us more to do a loan than if we were to do work on a pay-as-you-go basis. Since we have a new City Manager coming on soon and do not have to renew the contract until November, I would like the new City Manager to participate in the decision.

Mr. Barry noted that will cost us money.

Mr. Elrich said, we could ask new the City Manager to look at this recommendation.

Ms. Mizeur asked, since the loan amount will be used up front, how many years will it take to spend the loan money?

Ms. Braithwaite replied, we would not start spending the loan money until FY06 (approx. July 1). It is hard to say, but she thinks it would take about 2.5 years to get through \$2.9M. This is something less than 2 years for \$2.0M. The \$2.9M would cover everything rated through fair, except some fair streets that only needed patches. The \$2.0M would capture all of the total reconstruction and mill/overlay and base repair, regardless of the rating.

Ms. Mizeur asked, comparing scenarios one and three, at what point on three would you get to same point as in scenarios one and two (accelerated work)?

Ms. Braithwaite answered, somewhere in 2010 we would start seeing the fair streets show up.

Ms. Porter said, there are independent issues here. They are: (1) the amount of the loan; (2) which streets are done. The thing that ends up being advantageous by doing the most expensive streets up-front with the loan is that they do not experience the inflated road construction costs in future years.

Mr. Barry asked for clarification that all poor streets get done early with the loan. He also commented on scenario two.

Ms. Mizeur said the information about the streets and order of work for each scenario would be helpful.

Mr. Williams said it would help in making the comparison.

Ms. Porter suggested that Mr. Elrich meet with Ms. Braithwaite to discuss his concerns. Doing the most expensive streets up front makes best sense, as recommended by Ms. Braithwaite.

Mr. Finn asked, is it Council's wish to put something on the agenda to let the City Manager get information from a lender?

Council concurred, with some comments/qualifications. Mr. Barry and Ms. Porter were more comfortable with the \$2M scenario, Mr. Williams said he wanted to hear if Mr. Elrich's concerns could be resolved. Mr. Seamens said his goal was to establish a 20-year cycle; he trusts Ms. Braithwaite and the engineer. His hesitancy would be to talk to Barbara Matthews about this decision. Ms. Mizeur echoed Mr. Seamens' concerns, but said the scenarios seem promising. She noted discussions from her campaign.

Mr. Williams said he agrees that the reason for why the numbers come up different on scenario two is because the more expensive streets come up first. He provided a construction project

comparison.

Ms. Porter said, if inflation is lower than the interest rates, this would skew the assumptions. If we go out now and lock-in interest rates, we will be in better position.

Ms. Mizeur said she wants to pay close attention to the quality of the contractor's work.

Mr. Finn said this was a separate issue, but one that he will certainly examine. He will check the quality of the workmanship.

Ms. Mizeur said she did not have an opinion one way or another about the current contractor, but does think that residents would be interested in having information back from staff about the quality of the work.

BREAK

Council recessed for a scheduled break at 9:04 p.m. and reconvened in Budget Worksession.

BUDGET WORKSESSION

4. FY05 Proposed Budget - Reconciliation

Ms. Porter noted the money set aside for capital expenditures in the stormwater fund budget.

Mr. Finn commented on the estimated capital expenditures, even with the debt service for a loan coming out of the stormwater fund.

Mr. Seamens graphed out the increase/decrease in the stormwater fund over the last 10 years. He described the information illustrated in the chart. He expressed concern that if 9 out of last 10 years we spent all of our stormwater fees on stormwater projects, we would be taking away from those projects by paying debt service on a loan.

Mr. Finn asked where the numbers came from.

Mr. Seamens said he got them from the budget documents over the last 10 years (actual revenues and expenditures).

Mr. Finn said that the \$200,000 in FY97 was related to a bond issuance. He would have to go back and analyze these numbers before responding.

Ms. Mizeur asked, are you suggesting that the carryover in the fund goes back as far as FY01?

Mr. Seamens said, with a few exceptions.

Ms. Mizeur asked for further clarification.

Mr. Williams said, there have been other ways that residents have contributed to the fund other than fees.

Mr. Seamens said, this reflects total revenues versus total expenses.

Mr. Finn said, it also includes other borrowing that has been done (e.g., street sweeper) which we no longer owe.

Mr. Seamens said, if we take the money out for something else, we do not have the ability for our fund to maintain business at the same level that we do now. This Council may decide that we do not want to do the same level of work as over the past 10 years.

Ms. Porter said, Mr. Finn is suggesting that this borrowing is replacing the borrowing that we have done from the fund in the past.

Mr. Finn said, we can substitute some of that for the debt service that is being proposed. With all due respect, we can go back and check these numbers and project the fund for the next few years.

Ms. Porter said she would also like to isolate the debt service out of the fund over the past years. The \$129,140 was the remainder of the loan, but we have been making payments over a number of years. There was debt service that we were carrying from the time we took out the bond in FY97. We made the decision in FY03 to pay off the bond.

Mr. Seamens recalled the situation with the \$200,000.

Ms. Mizeur asked, what was purchased with the money?

Ms. Porter provided the history. The City borrowed a big chunk of money and bought a lot of things. We put some money in the bank and used it to pay the debt service.

Ms. Mizeur thanked Mr. Seamens for this chart. She had the understanding that we were running an annual surplus. Before next week, it would be helpful to have Mr. Finn's analysis of this chart. If we typically run about even with revenues/expenditures in the fund, it does raise some questions about whether to charge the debt service for a loan against the stormwater fund.

Mr. Seamens said the chart is based on actual revenues / expenditures.

Ms. Porter clarified, the purpose of the stormwater fund is to fund large stormwater projects. The pipe in front of the building is that type of project. It is in fact a stormwater management project and will hold stormwater from the surrounding area.

Mr. Seamens said he understands. He restated his concern that this debt service will decrease what we are able to do rather than be more aggressive on stormwater management projects. Where we are with community center right now, we need more than \$400,000. He thinks that this \$400,000 should be put with other needs. We could talk about borrowing more money, in general, for the project. He thinks we are hurting the fund by doing it here. We need to look at the community center budget and see how we can address the project and put it on firm footing—to get the center completed and not harm stormwater management in the City.

Mr. Elrich said he partially agrees on the point about whether we should borrow for the community center to finish the project versus taking monies out of the stormwater fund. He does not agree with Mr. Seamens' characterization. It is more than just an environmental project fund, in that if we found a \$200,000 environmental project, we would be taking that money out of the fund which might otherwise be used for a stormwater emergency. He commented on the upcoming federal regulations. I would be more comfortable with borrowing money outside of the fund. It is a close call.

Mr. Seamens said the question cannot be answered until we get to the point of discussing the community center budget.

Ms. Porter said, we will not know everything by the time that we have to pass this budget. We have to work with some estimates. We will have to make the best estimate we can based on what we know at the time. We do not know what things will be appreciably different between now and when we pass the budget.

Mr. Elrich said, there are some things on this list that he would clearly fund (referring to the reconciliation list). He wishes that the budget would have more flexibility in terms of what we would likely encounter with the community center in the next year. He recommends that they freeze vacant positions until they free up another \$250,000. Every year, part of the surplus comes from unfilled positions. He does not say to eliminate the positions; they should have the intent to fill the positions.

Ms. Porter asked, what is open right now?

Mr. Finn said, police positions. All other positions are filled. We have not had much turn over. The Chief has indicated that she has three or four applicant officers who might be eligible for the positions. She thinks that there are two who she would send to certification training and would be very good. A lot of what the Chief is doing now is to move forward with filling the positions with the intent to officially kick-off the COP program in mid/end July.

Mr. Williams noted the Chief has been operating under the Council direction to keep recruiting and hiring even if she exceeds positions, knowing that positions will become vacant.

Mr. Finn agreed with the statement. Chief Creamer has increased recruitment. She has put incentives in place for incoming officers.

Mr. Elrich recalled an earlier question about what the staffing/scheduling was when she only had 30 officers.

Mr. Finn said, she is working on that information. An updated list of alternative cuts and service reductions was distributed. Take out the \$71,432 since it is a one-time savings and is already accounted for in the budget. He noted the items on the list, including the sale of the TJ residential lot.

Mr. Elrich asked about the Piney Branch lots?

Mr. Finn said, the City could sell those properties for about \$300,000 (up to \$500,000). The City could make a net gain of about \$600,000.

Ms. Porter recalled the reason for not selling the TJ residential lot and expressed concerns about the drainage on the upper lot having to come across the residential lot.

Mr. Finn noted the engineer's recommendation for an easement.

Ms. Porter said we can only put in easements for things that can be anticipated.

Mr. Elrich said, you have to get into the sewer on Columbia. The line runs up onto the property.

Ms. Porter said, there are other potential things that could be done other than hooking into the sewer system.

Mr. Elrich added, the rule was that if we did anything to the Co-op lot it should prevent water from running onto Carroll Avenue. The water has to flow back on the lot toward the Columbia Avenue sewer.

Ms. Porter said, we could put in a retention pond.

Mr. Elrich said, the lot is big enough to be subdivided. The City could ask for rezoning of the adjacent two lots leading up to the Co-op site (three lots total; the one at the bottom is the residential lot). We might be able to get two residential lots and use the top lot as a retention pond.

Ms. Porter said she remains concerned about selling the residential lot before developing the commercial lots.

Mr. Seamens noted the need to make some assumptions in order to adopt a budget. He distributed his numbers based on Mr. Williams' numbers and the information presented by Lawrence Abell on March 25. He has used Mr. Williams' numbers for actual and pending change orders, but since there are so many items on the list with no amount he came up with an average of \$48,000 per change order (without including the anomaly \$600,000). He used this

figure for each of the CO's without dollar amounts. With this, he noted his estimated shortfall to be \$2.9M. In looking at the FY05 budget, he thinks that we should be looking at this shortfall figure as what to expect in the future. He said that he has \$400,000 on his reconciliation list. This might allow for a loan repayment of \$400,000 per year for debt service on an amount to cover the shortfall estimate.

Ms. Porter noted that there are some things on the revenue side that the Council can act on.

Mr. Elrich asked, how much of what we are putting in this year could be repeatedly accessed?

Mr. Finn said, we have an unknown for the next year which is the police rebate. Our recommendation is to take \$200,000 in FY05 toward the community center. You could use the \$200,000 for debt service on a loan.

Mr. Elrich said, my point of view is that financing the community center with a long term bond would be appropriate, since it would be used by residents for years into the future.

Ms. Porter said she is hesitant to agree to borrowing at this point. We are addressing the matter of whether to allocate the \$200,000, regardless of how it is later used for the community center. She is not suggesting that we commit to borrowing or to go out for a bond, because do not know what the situation will be. We want to put ourselves in the best position to address the potential scenarios.

Mr. Barry said he agrees with Mr. Elrich. There are a number of things that could blow a hole in the budget next year. He would be comfortable with another \$300,000 whether through savings or revenue enhancements.

Mr. Elrich said he understands Ms. Porter's concerns about selling the residential TJ lot, but if we can sell the Piney Branch lots, he would encourage Mr. Finn to proceed. People are opposed to the City building a garage there.

Ms. Porter said, there are now efforts to do economic development in that area which were not moving forward when we purchased the lots.

Mr. Elrich said, I would like to add \$300,000-400,000 for the sale of the property(s) on Piney Branch as additional revenue to be held for the community center.

Mr. Seamens distributed his list of reconciliation items and how to fund the items. He commented on the items. Strike the \$250,000 for street rehabilitation from the list.

Ms. Porter said she does not agree with a number of items on the list (e.g., freezing four police officer positions, recreation outreach items, etc.)

Ms. Mizeur said they should keep the \$100,000 in the budget for legal expenses to fight the

Washington Adventist Hospital expansion.

Mr. Seamens said he thought that the Recreation Department could organize volunteers to do the outreach efforts.

Mr. Finn said, the items on his list were items that staff identified as things that they could, if necessary, eliminate.

Ms. Porter noted the recreation items. She would be okay with taking out the teen trips. She thought it important to retain the cheerleading program; it is important to offer the young women participants the opportunity.

Mr. Elrich said, he does not want to eliminate the Landlord & Tenant brochures. He thinks that residents would be disappointed with no trash/recycling on routes missed for holidays.

Mr. Seamens thinks that residents would not be happy with any of these items, but it is the difficult job of the Council to make decisions about service reductions and cuts.

Ms. Porter said there is a difference in making service cuts and building up a surplus as a contingency.

Mr. Finn said they would be better to do a longer borrowing with a small annual debt service. It allows for a better budgeting approach. Take \$150,000 and put it in reserve for possible debt service if you do borrow. It would avoid a spike in the budget.

Mr. Seamens suggested that the City not borrow \$400,000 through the stormwater fund; instead, make that amount a lien on this list balanced with the sale of the Piney Branch and/or TJ lots.

Ms. Porter said she would disagree with selling the TJ lot; she sees it as short sighted at this time. She would agree with Mr. Elrich about the sale of the Piney Branch lots. We have a fairly high tax rate in the City. People expect for that rate that basic services will get done. When we tell them that we are not going to do holiday trash/recycling routes, people will start to wonder what they are getting for their tax dollars. People should be able to get the Landlord Tenant handbook when they move into the City. The library is an important service. She does not have a problem eliminating the teen trips under recreation, but does not want to eliminate programs for the at-risk youth.

Mr. Seamens said he is not suggesting that we build up a surplus, just to find a slower rate of spending. He agrees that there are items on the list that would be difficult to cut. He listed the Co-op lot on his reconciliation list because we have had it for a long time and have not been able to do anything with it.

Mr. Elrich said we could explore the aspects of the TJ lot this year. We could get information from an engineer and talk to residents. We should find out what we can do.

Ms. Porter said she would agree with that. However, we should keep in mind that when the fire station is done, things will have changed over time. The worse situation would be that we come to the point of finding a commercial option but it is precluded because of what other actions we take, creating problems for stormwater mitigation.

Mr. Finn recommended that the Council look at the expenditure list items. (1) community outreach (ECD) - \$20,000 to re-institute the door-to-door outreach.

Ms. Porter said she would like us to continue to look at automated trash collection; but can take it off the list for this year. She does not want to fire anyone from Public Works, but we should think over the long-term how to be more effective in this industry.

Mr. Williams continued, given tight fiscal constraints, would be willing to leave it on the CIP “hold” list. He would like to make sure that it can get it off the “hold” list and deal with it next Spring.

Mr. Finn said, he did not think that approach would hurt. We could keep it on the “hold” list with the expectation that would be taken off the list.

Ms. Waters explained the Homeowners Tax Credit Program and the City’s local supplemental.

Mr. Williams said it seems like a legislative item.

Ms. Porter said she would recommend raising the City’s percentage to 30% and proceed with a legislative initiative.

Council discussed the matter further.

Ms. Waters said, if this is the direction of the Council, staff will work with legal counsel to draft the legislation to change the percentage.

Mr. Finn continued. He would recommend that the Council consider closing the tool library during the winter, reducing the cost to \$10,000-11,000 and move the employee for the operation over to Public Works. We should also work with the citizen interest group regarding the operations of the tool library.

Ms. Porter noted the three items on the list - \$20,000 (outreach), \$25,000 (tax credit program), and \$13,500 (tool library). It is a total of \$58,500.

Mr. Elrich added, they should freeze one of the police officer positions.

Ms. Porter said they would have to freeze that position for the entire year.

Mr. Finn said, one year would be \$58,000.

Ms. Porter wanted clarification whether doing that would be a signal of a change of direction to the Chief about recruiting. There are six vacancies.

Mr. Finn clarified, the Chief has 36 officers, so there are five vacancies. The Chief has four certified candidates.

Ms. Porter restated the proposal that they freeze one officer position until further notice, and look at budget progress later in the year.

Mr. Elrich said he would like to talk to the County about how to use their officer in the capacity. He suggests the Council sell the Piney Branch lot for \$400,000.

Ms. Porter confirmed that the stormwater budget should not show the debt service for a stormwater loan.

Mr. Finn confirmed that the Piney Branch property sale would be reflected as \$400,000 in revenue. It was identified as an expenditure in the community center budget. In response to Ms. Mizeur, he explained the community outreach item of \$20,000.

Mr. Williams said, we can eliminate the teen trip money of \$2,400.

Ms. Mizeur asked, did the Chief feel that elimination of the position would be a service reduction?

Mr. Finn said, the departments worked on this as a team effort. The Chief might probably note that the Council is funding community outreach and the tool library, but cutting a police officer position.

Ms. Mizeur said she is a little uncomfortable for that reason. She would think of community outreach as a “softer” service versus a basic service like police protection.

Mr. Finn said he thinks that the Chief will probably not fill the Drug Task Force Officer position.

Ms. Mizeur said, this officer would probably reach the same community as the community outreach person.

Mr. Elrich suggested, the community outreach person can get closer to that population where an officer is not as effective on that level.

Mr. Seamens said he would be surprised if the Chief would ignore the Council’s direction that drug enforcement be a priority and choose to drop that position. He thinks that Ms. Mizeur’s comments are well taken. However, there have been many years when they have been unable to fill all positions, and have been able to provide decent police services in those years. He has not seen great productivity from the community outreach, so he would support dropping that item.

He would also support putting the 41st police position back in the budget if someone could come up with the balance of the position cost.

Mr. Elrich said he could argue that the organizers were effective. He cited a case where tenants were organized and came before the Council with an issue. He said he now has tenants calling him with problems.

Ms. Mizeur said she not saying that this type of work is not important, but community outreach is something that, if need be, Councilmembers could be more active with. We cannot do the police work. In a tight cost/benefit analysis we need to start out with the basic items and build in the softer items.

Mr. Elrich said he does not see outreach as a softer item. He further provided a description of the situation on Flower Avenue. He sees outreach as a community builder.

Mr. Finn said, it seems that we could keep the \$20,000. We could freeze the police position for half of year (\$29,000) and work with the Chief and the other managers to find the balance.

Mr. Williams said this is much less of a turn away from the way we are going.

Mr. Elrich said he still wants to explore whether there is a constructive way to use the county police position.

ADJOURNMENT / CLOSED SESSION

The Council adjourned at 11:01 p.m. and convened in Closed Session. Following the Closed Session, the Council adjourned for the evening.

CLOSED SESSION

Closed Session 6/1/04 - Moved by Elrich, seconded by Mizeur. The Council voted unanimously to convene in Closed Session at 11:02 p.m. in the Conference Room of the Municipal Building. OFFICIALS PRESENT: Porter, Barry, Elrich, Mizeur, Seamens, Williams. ALSO PRESENT: City Clerk / Treasurer Waters, Community and Government Liaison Ludlow, Assistant City Attorney Perlman, Attorney William Chen. The Council received a legal briefing concerning the Washington Adventist Hospital expansion. (Authority: Annotated Code of Maryland, State Government Article, Section 10-508(a)(7)).
